

YOUNG CONAWAY STARGATT & TAYLOR, LLP

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Pauline K. Morgan

Ryan M. Bartley

Travis G. Buchanan

*Counsel for the Debtors, Acting at the
Direction of the Restructuring Sub-Committee*

-----X	
In re:	: Chapter 11
	:
SEARS HOLDINGS CORPORATION, et al.,	: Case No. 18-23538 (RDD)
	:
Debtors.¹	: (Jointly Administered)
	:
-----X	

**FIRST MONTHLY FEE STATEMENT OF
YOUNG CONAWAY STARGATT & TAYLOR, LLP
FOR COMPENSATION FOR SERVICES RENDERED
AND REIMBURSEMENT OF EXPENSES INCURRED
AS CONFLICTS COUNSEL FOR THE DEBTORS FOR THE PERIOD
FROM OCTOBER 15, 2018 THROUGH OCTOBER 31, 2018**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); and Sears Brands Management Corporation (5365). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

Name of Applicant: Young Conaway Stargatt & Taylor, LLP

Authorized to Provide Professional Services to: Conflicts Counsel for the Debtors

Date of Retention: November 13, 2018, *nunc pro tunc* to October 15, 2018

Period for which compensation and reimbursement is sought: October 15, 2018 through October 31, 2018

Monthly Fees Incurred: \$28,647.00

20% Holdback: \$5,729.40

Total Compensation Less 20% Holdback: \$22,917.60

Monthly Expenses Incurred: \$117.90

Total Fees and Expenses Due: \$23,035.50

This is a: X monthly interim final application

In accordance with the *Order Authorizing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [ECF No. 796] (the “Interim Compensation Order”),² Young Conaway Stargatt & Taylor, LLP (“Young Conaway”) hereby submits this first monthly fee statement (the “Monthly Fee Statement”), seeking compensation for services rendered and reimbursement of expenses incurred as conflicts counsel to the Debtors for the period from October 15, 2018 through October 31, 2018 (the “Monthly Fee Period”). By this Monthly Fee Statement, Young Conaway seeks payment in the amount of \$23,035.50 which is comprised of (i) \$22,917.60, which represents eighty percent (80%) of the total amount of compensation sought for actual and necessary services rendered during the Monthly Fee Period,

² Capitalized terms used herein but not otherwise defined herein have the meanings ascribed to them in the Interim Compensation Order.

and (ii) reimbursement of \$117.90, which represents one hundred percent (100%) of actual and necessary expenses incurred in connection with such services.

Services Rendered and Expenses Incurred

1. Attached as Exhibit A is a summary of Young Conaway's professionals by individual, setting forth the (i) name, title, and department of each individual who provided services in connection with the Chapter 11 Cases during the Monthly Fee Period, (ii) aggregate hours spent by each individual, (iii) hourly billing rate for each such individual at Young Conaway's billing rates during the Monthly Fee Period, (iv) amount of fees earned by each Young Conaway professional, and (v) the number of years in practice for each attorney. The blended hourly billing rate of Young Conaway attorneys during the Monthly Fee Period is approximately \$432.90. The blended hourly rate of paralegals and other non-legal staff during the Monthly Fee Period is approximately \$285.00.

2. Attached as Exhibit B is a summary of the services rendered and compensation sought, by project category, for the Monthly Fee Period.

3. Attached as Exhibit C is a summary of expenses incurred and reimbursement sought, by expense type, for the Monthly Fee Period.

4. Attached as Exhibit D is itemized time detail of Young Conaway professionals for the Monthly Fee Period and summary materials related thereto. The description of the work done by counsel in the time detail may have been edited to protect the confidential and privileged nature of the work completed.

Notice and Objection Procedures

Notice of this Monthly Fee Statement shall be given by hand or overnight delivery or email where available upon (i) Sears Holdings Corporation, 3333 Beverly Road,

Hoffman Estates, Illinois 60179 (Attn: Rob Riecker, Luke Valentino, Esq.); (ii) the attorneys for the Debtors, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, NY 10153 (Attn: Ray C. Schrock, P.C., Esq., Jacqueline Marcus, Esq., Garrett A. Fail, Esq., and Sunny Singh, Esq.); (iii) the U.S. Trustee, 201 Varick Street, Suite 1006, New York, NY 10014 (Attn: Paul Schwartzberg, Esq., and Richard Morrissey, Esq.); (iv) Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, NY 10036 (Attn: Philip C. Dublin, Esq., Ira Dizengoff, Esq., and Sara Lynne Brauner, Esq.), attorneys for the Official Committee of Unsecured Creditors; and (v) Skadden, Arps, Slate, Meagher & Flom LLP, 4 Times Square, New York, NY 10036 (Attn: Paul D. Leake, Esq., Shana A. Elberg, Esq., and George R. Howard, Esq.), attorneys for Bank of America, N.A., administrative agent under the First Lien Credit Facility and the DIP ABL Agent (collectively, the “Notice Parties”).

Objections to this Monthly Fee Statement, if any, must be filed with the Court and served upon the Notice Parties so as to be received no later than **December 17, 2018** (the “Objection Deadline”), setting forth the nature of the objection and the amount of fees or expenses at issue (an “Objection”).

If no Objections to this Monthly Fee Statement are filed and served as set forth above, the Debtors shall promptly pay eighty percent (80%) of the fees and one hundred percent (100%) of the expenses identified herein.

If an Objection to this Monthly Fee Statement is received on or before the Objection Deadline, the Debtors shall withhold payment of that portion of this Monthly Fee Statement to which the Objection is directed and promptly pay the remainder of the fees and disbursements in the percentages set forth above. To the extent such an Objection is not resolved, it shall be preserved and scheduled for consideration at the next interim fee application hearing to be heard by the Court.

Dated: November 30, 2018

/s/ Pauline K. Morgan

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Pauline K. Morgan
Ryan M. Bartley
Travis Buchanan

*Counsel for the Debtors, Acting at the
Direction of the Restructuring Sub-Committee*

Exhibit A

Compensation by Professional

**SUMMARY OF MONTHLY FEE STATEMENT OF
YOUNG CONAWAY STARGATT & TAYLOR, LLP FOR
SERVICES RENDERED FOR THE PERIOD
FROM OCTOBER 15, 2018 THROUGH OCTOBER 31, 2018**

Name of Partners and Counsel	Title	Department	Years in Practice	Hourly Billing Rate (\$)	Total Billed Hours	Total Compensation (\$)
Pauline K. Morgan	Partner	Bankruptcy	31	920.00	6.2	5,704.00
Ryan M. Bartley	Partner	Bankruptcy	11	565.00	5.1	2,881.50
Total Partners and Counsel:					11.3	8,585.50

Name of Associate	Title	Department	Years in Practice	Hourly Billing Rate (\$)	Total Billed Hours	Total Compensation (\$)
Travis Buchanan	Associate	Bankruptcy	7	460.00	23.60	10,856.00
Jared W. Kochenash	Law Clerk	Bankruptcy	< 1	265.00	29.30	8,350.50
Total Associates/Law Clerks:					52.90	19,206.50

Name of Paralegals and Other Non-Legal Staff	Title	Department	Hourly Billing Rate (\$)	Total Billed Hours	Total Compensation (\$)
Brenda Walters	Paralegal	Bankruptcy	285.00	3.0	855.00
Total Paralegals:				3.0	855.00

PROFESSIONALS	BLENDED RATE (\$)	TOTAL BILLED HOURS	TOTAL COMPENSATION (\$)
Partners and Counsel	759.78	11.30	8,585.50
Associates/Law Clerks	363.07	52.90	19,206.50
Paralegals/Non-Legal Staff	285.00	3.0	855.00
Blended Attorney Rate	432.90		
Total Fees Incurred:		67.20	28,647.00

Exhibit B

Compensation by Task Code

**AGGREGATE TIME SUMMARY BY TASK CODE
FOR THE PERIOD OCTOBER 15, 2018 THROUGH OCTOBER 31, 2018**

Project Category	Total Hours	Total Fees (\$)
Case Administration (B001)	5.90	3,586.50
Court Hearings (B002)	2.40	1,356.00
Cash Collateral/DIP Financing (B003)	.90	764.50
Claims Analysis, Objections and Resolutions (B007)	11.30	5,198.00
Retention of Professionals/Fee Issues (B017)	46.70	17,742.00
TOTAL	67.2	28,647.00

Exhibit C

Expense Summary

**AGGREGATE ITEMIZED DISBURSEMENTS
FOR THE PERIOD OCTOBER 15, 2018 THROUGH OCTOBER 31, 2018**

Expenses Category	Total Expenses (\$)
Reproduction Charges	35.40
Teleconference / Video Conference	79.00
Docket Retrieval / Search	3.50
TOTAL	117.90

Sears Holdings Corporation

Invoice Date: November 19, 2018

Invoice Number: 50000438

Matter Number: 072902.1003

Cost Detail

<u>Date</u>	<u>Description</u>	<u>Quantity</u>	<u>Amount</u>
10/16/18	Reproduction Charges	84.00	8.40
10/16/18	Teleconference / Video Conference	1.00	79.00
10/24/18	Reproduction Charges	52.00	5.20
10/25/18	Reproduction Charges	21.00	2.10
10/29/18	Docket Retrieval / Search	35.00	3.50
10/30/18	Reproduction Charges	169.00	16.90
10/31/18	Reproduction Charges	28.00	2.80
Total			\$117.90

Cost Summary

<u>Description</u>	<u>Amount</u>
Photocopy Charges	35.40
Teleconference / Video Conference	79.00
Docket Retrieval / Search	3.50
Total	\$117.90

Exhibit D

Time Detail

YOUNG CONAWAY STARGATT & TAYLOR, LLP

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pmorgan@ycst.com

Alan Carr, Director
Sears Holdings Corporation
333 Beverly Road
Hoffman Estates, IL 60178

Invoice Date: November 19, 2018
Invoice Number: 50000438
Matter Number: 072902.1003

Re: Debtor Representation

CURRENT INVOICE

Professional Services	\$	28,647.00
Disbursements	\$	<u>117.90</u>
Total Due This Invoice	\$	28,764.90

Sears Holdings Corporation

Invoice Date:

November 19, 2018

Invoice Number:

50000438

Matter Number:

072902.1003

Time Detail

<u>Date</u>	<u>Initials</u>	<u>Description</u>	<u>Task</u>	<u>Activity</u>	<u>Hours</u>
10/15/18	BWALT	update docket	B001		0.30
10/15/18	BWALT	Telephone calls with P. Morgan (.1); update and circulate docket (.8); set up telephonic appearance for R. Bartley (.3); monitor docket (.2)	B001		1.40
10/15/18	PMORG	Review petition and certain first day pleadings (1.40); Review notice of hearing and calls with R. Bartley and B. Walters re: same (.10); Call with R. Bartley re: results of hearing (.40)	B001		1.90
10/15/18	PMORG	Prepare Correspondence to K. Cornish re: representation, next steps	B001		0.40
10/16/18	BWALT	Check docket	B001		0.10
10/16/18	PMORG	Review summary of related party transactions	B001		0.30
10/19/18	BWALT	Update and circulate docket, and hearing dates	B001		0.30
10/19/18	PMORG	Brief review of recently-filed pleadings	B001		0.40
10/23/18	BWALT	Update docket and email case management order to YCST team	B001		0.80
10/15/18	RBART	Attend (telephonically) portion of first day hearing (1.8); call with P. Morgan (.3) and meet with T. Buchanan (.3) re: status of engagement and mandate	B002		2.40
10/30/18	BWALT	Email from P. Morgan re: DIP order	B003		0.10
10/30/18	PMORG	Emails with T. Lii at Paul, Weiss re: required carve-out reporting under DIP Order (.10); Review same and Correspondence to YCST team re: same (.60)	B003		0.70
10/31/18	PMORG	Call and emails with T. Lii re: weekly carve-out reporting	B003		0.10
10/15/18	TBUCH	Research and draft summary of related party transactions	B007		7.80
10/16/18	TBUCH	Research and draft summary of related party transactions	B007		3.50
10/15/18	JKOCH	Discuss conflicts counsel retention application with T. Buchanan (.1) and draft conflicts counsel retention application (1.7)	B017		1.80
10/16/18	PMORG	Emails with R. Britton and call with R. Bartley re: engagement; Emails with Paul, Weiss team re: retention application interested parties list	B017		0.20
10/22/18	PMORG	Emails with T. Buchanan re: retention application	B017		0.10
10/22/18	TBUCH	Confer with P. Morgan, R. Bartley, and J. Kochenash re: YCST's retention application	B017		0.20
10/23/18	JKOCH	Draft conflicts counsel retention application	B017		2.60

Sears Holdings Corporation

Invoice Date:

November 19, 2018

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50000438

Matter Number:

072902.1003

<u>Date</u>	<u>Initials</u>	<u>Description</u>	<u>Task</u>	<u>Activity</u>	<u>Hours</u>
10/24/18	JKOCH	Update retention application with connections (2.5); Discuss same with T. Buchanan (.30)	B017		2.80
10/24/18	TBUCH	Review draft of YCST retention application (.3); confer with J. Kochenash re: same (.3)	B017		0.60
10/25/18	JKOCH	Update retention application	B017		0.70
10/25/18	TBUCH	Review and revise application to retain Young Conaway	B017		1.20
10/26/18	TBUCH	Review and revise application to retain Young Conaway	B017		1.00
10/28/18	JKOCH	Revise and update retention application per T. Buchanan's comments	B017		3.30
10/28/18	TBUCH	Email correspondence with J. Kochenash re: application to retain Young Conaway	B017		0.10
10/29/18	JKOCH	Revise retention application per R. Bartley's and T. Buchanan's comments	B017		2.10
10/29/18	JKOCH	Revise and update retention application per T. Buchanan's comments	B017		1.20
10/29/18	PMORG	Call with T. Li re: retention application (.1); call and emails with T. Buchanan re: same (.2); Conference with R. Bartley re: same (.2)	B017		0.50
10/29/18	RBART	Review and comment on YCST retention application (1.3); discuss same with J. Kochenash (.1); discuss same and status of engagement with P. Morgan (.2)	B017		1.60
10/29/18	TBUCH	Review and revise YCST retention application (1.3); confer with J. Kochenash re: same (.1); review parties in interest for disclosure re: same (1.1)	B017		2.50
10/30/18	JKOCH	Continue to review connections in order to update retention application and update same	B017		7.40
10/30/18	PMORG	Calls (2) with T. Lii re: filing/serving retention application (.20); Emails and conferences with YCST team re: same (.70); Follow-up emails with T. Lii re: same (.30); Review draft retention order and Transier declaration (.40)	B017		1.60
10/30/18	RBART	Discussions with P. Morgan and J. Kochenash re: retention application and review follow up correspondence re: same with YCST team	B017		0.30
10/30/18	TBUCH	Confer with J. Kochenash re: YCST retention application (.2); review and revise same (1.1); review disclosures (2.6)	B017		3.90
10/31/18	JKOCH	Prepare and incorporate disclosures into retention application	B017		3.20
10/31/18	JKOCH	Review in connections order to update retention application	B017		2.40
10/31/18	JKOCH	Discuss disclosures with T. Buchanan	B017		0.60

Sears Holdings Corporation

Invoice Date: November 19, 2018
Invoice Number: 50000438
Matter Number: 072902.1003

<u>Date</u>	<u>Initials</u>	<u>Description</u>	<u>Task</u>	<u>Activity</u>	<u>Hours</u>
10/31/18	JKOCH	Update retention application with P. Morgan's edits	B017		0.90
10/31/18	JKOCH	Discuss retention application with P. Morgan and T. Buchanan (.2); follow up with T. Buchanan re: same (.1)	B017		0.30
10/31/18	RBART	Review materials for connections disclosures in retention application and call with P. Morgan re: status of retention application and retention hearing	B017		0.30
10/31/18	RBART	Calls with P. Morgan re: retention application	B017		0.50
10/31/18	TBUCH	Confer with J. Kochenash re: YCST retention application (.6); confer with P. Morgan, J. Kochenash re: same (.1); review parties in interest and revise application (2.1)	B017		2.80
			Total	67.20	\$28,647.00

Timekeeper Summary

<u>Initials</u>	<u>Name</u>	<u>Timekeeper Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
BWALT	Brenda Walters	Paralegal	3.00	285.00	855.00
JKOCH	Jared W. Kochenash	Associate	29.30	285.00	8,350.50
PMORG	Pauline K. Morgan	Partner	6.20	920.00	5,704.00
RBART	Ryan M. Bartley	Partner	5.10	565.00	2,881.50
TBUCH	Travis G. Buchanan	Associate	23.60	460.00	10,856.00
Total			67.20		\$28,647.00

Sears Holdings Corporation

Invoice Date: November 19, 2018

Invoice Number: 50000438

Matter Number: 072902.1003

Task Summary

Task Code:B001

Case Administration

<u>Name</u>	<u>Timekeeper Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Pauline K. Morgan	Partner	3.00	920.00	2,760.00
Brenda Walters	Paralegal	2.90	285.00	826.50
Total		5.90		3,586.50

Task Code:B002

Court Hearings

<u>Name</u>	<u>Timekeeper Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Ryan M. Bartley	Partner	2.40	565.00	1,356.00
Total		2.40		1,356.00

Task Code:B003

Cash Collateral/DIP Financing

<u>Name</u>	<u>Timekeeper Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Pauline K. Morgan	Partner	0.80	920.00	736.00
Brenda Walters	Paralegal	0.10	285.00	28.50
Total		0.90		764.50

Task Code:B007

Claims Analysis, Objections and Resolutions

<u>Name</u>	<u>Timekeeper Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Travis G. Buchanan	Associate	11.30	460.00	5,198.00
Total		11.30		5,198.00

Task Code:B017

Retention of Professionals/Fee Issues

<u>Name</u>	<u>Timekeeper Title</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Pauline K. Morgan	Partner	2.40	920.00	2,208.00
Ryan M. Bartley	Partner	2.70	565.00	1,525.50
Jared W. Kochenash	Associate	29.30	285.00	8,350.50
Travis G. Buchanan	Associate	12.30	460.00	5,658.00
Total		46.70		17,742.00